

**California State Library
Library Services and Technology Act (LSTA)**

Financial & Expenditure Report Instructions

1. Completing the Financial Report:

a. The columns for reporting are:

(1) Current Approved Budget - Enter total amount of budgeted LSTA funds for the grant year as awarded or as subsequently modified.

(2) - (5) Expenditures - Note the report period(s) in the box at the top left corner of the form. Check the appropriate box for the report you are submitting and enter amounts in the corresponding columns.

(6) Total Expended - The expenditures in columns 2, 3, 4, and 5 should automatically be calculated in column 6.

(7) Outstanding Encumbrances at Project End - This column is used only at the project end. Enter the total of all encumbrances outstanding, if any, after the project end date, i.e., expenses that have not been liquidated at the time of this report. If outstanding encumbrances are identified in the Outstanding Encumbrances at Project End column (column 7), a final liquidation report is required.

(8) Liquidation of Outstanding Project End Encumbrances - This column is used to report liquidation of encumbrances or obligations that were outstanding at the project end date.

(9) Unexpended/Unencumbered Balance - If all funds were expended by project end date, this column should be zero. Any remaining funds remaining in this column must be returned to the California State Library, according to instructions provided (see 5e. below).

b. The rows for reporting are:

- (a) Salaries/Wages/Benefits – Includes all salaries, wages, and fringe benefits paid to staff directly contributing to the project. Description should include position titles (but not names) and number of full time equivalent (FTE). Funds for contracted services are reported on row (g).
- (b) Equipment - A single item valued at \$5,000 or more per unit. Approved items costing \$4,999 or under are considered small equipment and are reported on row (f).
- (c) Library Materials - Books, periodicals, audiovisual formats, microforms, and other library materials. Giveaway books are not considered as Library Materials and should be reported on row (f).
- (d) Consultant Fees - All expenses related to acquiring the services of a consultant for a specific activity within the project should be included in this category. Costs may include fees, travel, accommodation, and support services hired directly by the consultant. Description should include expertise of consultant along with actions/contributions to project. Include consultant name.
- (e) Travel - Travel costs must be related to the project activities and must be incurred by the staff working on the project. The costs include airfare, ground transportation, accommodation, meals, etc. For airfare, economy class must be used at all times. Description should include number of travelers and types of travel expenditures.
- (f) Supplies/Other – Include costs for small equipment (costing less than \$4,999 per unit), communication costs, duplication, publicity, etc. Description should include quantities acquired.
- (g) Contracted Services – Project activities to be undertaken by a third-party contractor or vendor, including a formal partner. Databases should be described here and names of vendors included. Other examples are reference services, maintenance of equipment and vehicles, and building equipment lease and rental. Description should include type of services provided.
- (h) Indirect Costs - Administrative charges or indirect costs as approved in the award letter.

2. Completing the Expenditure Detail Report:

- a. The Expenditure Detail Report is to be completed and sent with the April-Project End Date Financial Report only and should be reported for the full project period. You will need track the cash match and in-kind expenditures throughout the project in order to complete this report.
- b. Enter amounts in the appropriate categories for LSTA, Cash Match, and In-Kind. Include descriptions. (see 1 b. above for definitions)
- c. The LSTA totals for each category must equal column (6) on the April-Project End Date Financial Report.

3. Background Information

- a. Accounting System: The fiscal agency of the grantee is responsible for providing an accounting system that conforms to generally accepted accounting principles with established procedures. The system must support responsible project management and facilitate the submission of timely and accurate financial reports. Records of LSTA grants and grant years must be separately maintained and be readily available. The system must provide supporting documentation to substantiate allowable program costs throughout the life of the project.
- b. Retention of Records: Financial records for LSTA projects must be retained by the grantee for a period of three (3) years from the date the final expenditure report has been submitted.

4. Grant Award Budget Modifications: The grantee is given the opportunity during the period of the project to respond to local or unforeseen developments by modifying their approved budget and proposing that funds be moved between categories/subcategories.

- a. Budget modifications of 15% or more of the total LSTA budget (not to exceed \$10,000) must be discussed and approved in advance with the grant monitor. A signed Grant Award Budget Modification Form must be submitted to the grant monitor for approval no later than 30 days prior to the project end date.
- b. Budget modifications in excess of \$10,000 of the total LSTA budget must be discussed and approved in advance with the grant monitor. A signed Grant Award Budget Modification Form must be submitted to the grant monitor for approval no later than 30 days prior to the project end date.
- c. Budget modifications less than 15% of the total LSTA budget (not to exceed \$10,000) must be discussed and approved in advance by the grant monitor. A Grant Award Budget Modification Form need not be submitted.
- d. A signed Grant Award Budget Modification form will be required if total cumulative budget modifications reach or exceed 15% of the original approved LSTA budget.
- e. Funds may not be moved into a category for which no funding was originally approved without being discussed and approved in advance by the grant monitor.
- f. Augmentations of any amount must be discussed in advance with the grant monitor. A signed Grant Award Budget Modification Form must be submitted to the grant monitor for approval no later than 30 days prior to the project end date.
- g. Requested changes that include additional Equipment (\$5,000 or more per unit) will require IMLS approval. Please be sure to include detailed explanation for such equipment.
- h. Approved revised budget should be reported on the next financial report.
- i. Any modifications to approved budgets must be documented and documentation retained in project files.

5. Encumbrances: Any valid encumbrances should be shown in the Outstanding Encumbrances at Project End column (column 7).

- a. Under federal regulations, an encumbrance or obligation is defined as a binding written commitment to do the following, which action occurs prior to the project end date:
 - Acquire real or personal property.
 - Obtain personal services by a contractor who is not an employee of the State or grantee.
 - Obtain the performance of work other than personal services.
- b. The following, therefore, are not considered legal encumbrances and their actions cannot occur beyond the project end date:
 - Personal services contracts.
 - Public utility costs.
 - Travel.
 - Rental of real or personal property.
- c. Encumbrances are not allowable beyond the project end date, with the following exceptions:
 - Those made by the fiscal authority to accrue funds from which to pay bills created before the project end date.
 - Those made for accounting services to cover compliance with the Single Audit Act provisions.

- d. Examples of encumbrances, allowed and not allowed, at the close of a project:
 - Books ordered before the project end date may be received and invoices paid until the close of the liquidation period, as funds are accrued to pay these bills.
 - A telephone bill may be paid after the project end date but additional new calls may not be covered with grant funds.
 - Personal services contracts or other work arrangements may not be extended beyond the project end date by encumbrance, because work would be performed beyond the close of the project.
 - e. The final 10% grant payment if applicable (grants \$20,000 or more), is payable only if the grant recipient fulfills all project reporting requirements and returns all unspent grant funds by the time specified in the grant program.
 - f. Projects have 45 days following termination of the grant award period to liquidate funds obligated or encumbered. The liquidation report submitted on the Financial Report is due *no later than* 60 days after the project end date.
6. Project Closing Timetable:
- a. All federally funded program activity ceases on the project end date.
 - b. All services must be performed and funds must be expended or encumbered by the project end date, or returned. Prior to the last weeks of the project, the grantee should discuss any planned final encumbrances with the grant monitor to ensure that the encumbrances are appropriate.
 - c. July-September, October-December, and January-March Financial Reports are due within 30 days after the end of the quarter. They need to be mailed per instructions below.
 - d. April - Project End Date Financial & Expenditure Detail Reports are due within 30 days after the project end date. These reports cover the entire project year. They need to be emailed to lsta@library.ca.gov and mailed per instructions below.
 - e. Any project funds not expended or encumbered by the project end date must be returned to the State Library within 30 days of the project end date. A check payable to the California State Library must be remitted. The check must bear reference to LSTA and the grant award number of the project for which funds are being returned.
 - f. Liquidation of encumbrances report is submitted on the Financial Report Form. Any funds not liquidated are to be returned with the report within 60 days of the project end date.
 - g. If the project end date is extended, see extension letter for new reporting deadlines.
7. Follow the link below to view important due dates in the LSTA Grant Guide for your project.
<http://www.library.ca.gov/grants/lsta/manage.html>
8. Send original (signed in blue ink) and TWO copies **by the due date** to:
- By Mail:
California State Library
P.O. Box 942837
Sacramento, CA 94237-0001
Attention: Fiscal Office-LSTA
- By Non-USPS Delivery:
California State Library
900 N Street
Sacramento, CA 95814
Attention: Fiscal Office-LSTA
9. Email the April-Project End Date Financial & Expenditure Detail Report **only** to lsta@library.ca.gov and mail per instructions above.